

Message Text

LIMITED OFFICIAL USE

PAGE 01 STATE 116358

56

ORIGIN AF-08

INFO OCT-01 EUR-12 ISO-00 OES-06 ACDA-07 PRS-01 CIAE-00

INR-07 IO-13 L-03 NSAE-00 NSC-05 EB-07 NRC-05 FEAE-00

DODE-00 ERDA-05 COME-00 TRSE-00 SS-15 SSO-00 NSCE-00

PA-01 USIE-00 XMB-02 AID-05 PM-04 SP-02 INRE-00 SIG-01

AS-01 /111 R

DRAFTED BY AF/S:DPNCHRISTENSEN:JK

APPROVED BY AF:WESCHAUFEELE

AF/S:RTHAVERKAMP

OES/NET:JDEVINE (DRAFT)

ACDA:RWILLIAMSON (INFO.)

S/PRS:JTRATNER (INFO)

AF:JBLAKE

AF/P:JMPOPE (INFO)

----- 085734

O R 121644Z MAY 76

FM SECSTATE WASHDC

TO ALL AFRICAN DIPLOMATIC POSTS IMMEDIATE

INFO AMEMBASSY LONDON

AMEMBASSY THE HAGUE

AMEMBASSY PARIS

AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY VIENNA

LIMITED OFFICIAL USE STATE 116358

E.O. 11652: N/A

TAGS: PFOR, PARM, SF

SUBJECT: US-DUTCH-SWISS NUCLEAR SALE TO SOUTH AFRICA

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STATE 116358

1. CONSORTIUM, WHICH INCLUDES GENERAL ELECTRIC COMPANY,

HAS BEEN AWARDED LETTER OF INTENT BY ELECTRICITY SUPPLY COMMISSION OF SOUTH AFRICA FOR CONSTRUCTION OF NUCLEAR POWER PLANT AT KOEBERG, SOUTH AFRICA (NEAR CAPE TOWN). IT IS NO SECRET THAT GE AND ITS DUTCH AND SWISS PARTNERS HAVE BEEN BIDDING ON PROJECT FOR OVER A YEAR IN COMPETITION WITH GERMAN AND FRENCH CONSORTIA. HOWEVER, FACT THAT US FIRM IS PART OF WINNING CONSORTIUM IS LIKELY TO GENERATE SOME PUBLICITY AND POSSIBLE ADVERSE REACTIONS IN AFRICA AND ELSEWHERE.

2. IF ASKED, POSTS MAY DRAW ON FOLLOWING PRESS GUIDANCE:

Q. DO YOU ANTICIPATE AN ADVERSE REACTION ON THE PART OF SOME AFRICAN STATES OVER THE PARTICIPATION OF A US FIRM IN A TRANSACTION INVOLVING THE CONSTRUCTION OF A NUCLEAR POWER PLANT IN SOUTH AFRICA?

A. IT IS CERTAINLY POSSIBLE THAT SOME STATES, IN AFRICA AND ELSEWHERE, MAY VOICE OBJECTIONS TO SUCH A SALE BY GE OR ANY OTHER COMPANY EITHER IN THE UNITED STATES OR ELSEWHERE. HOWEVER, US POLICY HAS LONG FAVORED ACTIVE COOPERATION WITH OTHER NATIONS IN PEACEFUL USES OF NUCLEAR ENERGY, INCLUDING NUCLEAR REACTOR SALES SUCH AS THIS, UNDER AGREEMENTS WHICH PROVIDE EFFECTIVE SAFEGUARDS AGAINST ANY DIVERSION TO MILITARY USES.

Q. WOULD A DECISION TO PERMIT AN AMERICAN COMPANY TO PROVIDE NUCLEAR MATERIALS AND EQUIPMENT TO SOUTH AFRICA BE CONSISTENT WITH THE SECRETARY'S LUSAKA STATEMENT CONCERNING US RELATIONS WITH SOUTH AFRICA?

A. WE SEE NO CONFLICT BETWEEN THE SALE OF NUCLEAR EQUIPMENT FOR POWER GENERATORS PROTECTED BY STRINGENT SAFEGUARDS AND THE LUSAKA STATEMENT MADE BY THE SECRETARY URGING A PEACEFUL END TO SOUTH AFRICA'S INSTITUTIONALIZED RACIAL INEQUALITY.

Q. HAS GE REQUESTED EXIMBANK ASSISTANCE TO COVER THE FINANCING OF SUPPLYING US NUCLEAR EQUIPMENT AND FUEL FOR THE KOEBERG PROJECT?
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 STATE 116358

A. YES. OVER A YEAR AGO GE SUBMITTED A REQUEST FOR AN EXIMBANK GUARANTEE TO COVER THE PRIVATE FINANCING OF POTENTIAL US SALES FOR THE KOEBERG PROJECT. OUR POLICY ON EXIMBANK FACILITIES FOR SOUTH AFRICA PERMITS EXIMBANK GUARANTEES OF PRIVATE FINANCIAL TRANSACTIONS BUT PROHIBITS DIRECT EXIMBANK LOANS. THEREFORE, NO EXIMBANK LOANS ARE INVOLVED IN THIS TRANSACTION.

Q. IS IT GENERALLY KNOWN THAT GE HAS BEEN BIDDING ON THE PROJECT AND THAT THE COMPANY HAS REQUESTED AN EXIMBANK GUARANTEE IN THIS CONNECTION?

A. YES. BOTH GE PARTICIPATION IN A CONSORTIUM, WITH DUTCH AND SWISS COMPANIES, WHICH HAS BEEN BIDDING ON THE KOEBERG PROJECT AND GE'S REQUEST FOR AN EXIMBANK GUARANTEE ARE PUBLIC KNOWLEDGE. THESE FACTS WERE DISCUSSED AT THE PUBLIC HEARING BY THE SENATE SUBCOMMITTEE ON AFRICA ON JULY 24, 1975. IN ADDITION, ON APRIL 2, 1975, THE DEPARTMENT INFORMED CONGRESSMAN CHARLES C. DIGGS, JR., CHAIRMAN OF THE HOUSE OF REPRESENTATIVES' SUBCOMMITTEE ON INTERNATIONAL RELATIONS, FOOD AND ENERGY, THAT AMERICAN COMPANIES WERE BIDDING ON THE KOEBERG PROJECT. THE GE/DUTCH/SWISS CONSORTIUM'S ROLE AS A BIDDER ON THE PROJECT HAS ALSO BEEN PUBLICIZED OVERSEAS.

Q. SHOULD NOT WE REQUIRE SOUTH AFRICA TO ADHERE TO THE NUCLEAR NON-PROLIFERATION TREATY (NPT) PRIOR TO PERMITTING THE SALE OF NUCLEAR REACTOR EQUIPMENT FOR THE KOEBERG POWER PLANT?

A. WE HAVE NOT ADOPTED A POLICY OF LIMITING OUR PEACEFUL NUCLEAR COOPERATION TO SIGNATORIES OF THE NPT (NOR HAVE OTHER PRINCIPAL NUCLEAR SUPPLIERS), PROVIDED WE HAVE A FORMAL AGREEMENT OF COOPERATION WITH THE PURCHASING COUNTRY WHICH INCLUDES STRINGENT INTERNATIONAL (IAEA) SAFEGUARDS. WE HAVE BEEN ENCOURAGING SOUTH AFRICA TO ADHERE TO THE NPT AND WILL CONTINUE TO DO SO.

Q. WHAT WOULD GE HAVE TO DO TO OBTAIN PERMISSION TO LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 STATE 116358

EXPORT NUCLEAR POWER PLANT EQUIPMENT FROM THE US?

A. GE WOULD HAVE TO REQUEST A LICENSE FROM THE US NUCLEAR REGULATORY COMMISSION (NRC). THE NRC WOULD IN TURN REVIEW GE'S REQUEST IN ORDER TO DETERMINE WHETHER OR NOT TO GRANT THE EXPORT LICENSE.

Q. IS THE US-SOUTH AFRICAN NUCLEAR COOPERATION AGREEMENT A SECRET AGREEMENT?

A. NO. IN ACCORDANCE WITH US STATUTORY PROVISIONS, THE AGREEMENT, AND ALL SUBSEQUENT AMENDMENTS, HAVE BEEN SUBMITTED TO THE CONGRESS, WHICH HAS HAD THE OPPORTUNITY TO REVIEW THEM BEFORE THEY BECOME EFFECTIVE. DURING PUBLIC HEARINGS BY THE SUBCOMMITTEE ON AFRICA OF THE US

SENATE'S COMMITTEE ON FOREIGN RELATIONS, ON JULY 24, 1975, THE AGREEMENT WAS DISCUSSED IN SOME DETAIL. THE AGREEMENT, WHICH PERMITS THE EXPORT OF NUCLEAR MATERIALS, INCLUDING ENRICHED URANIUM TO SOUTH AFRICA, HAS BEEN IN FORCE SINCE 1957, AND IS ONE OF THE 29 SUCH AGREEMENTS THE US HAS ENTERED INTO WITH VARIOUS COUNTRIES FOR THE SUPPLY OF NUCLEAR FUEL. WE HAVE BEEN SUPPLYING ENRICHED URANIUM, UNDER THE TERMS OF THIS AGREEMENT, FOR SOUTH AFRICA'S RESEARCH REACTOR SINCE 1965. UNDER THE TERMS OF THE AGREEMENT THE SOUTH AFRICAN GOVERNMENT UNDERTOOK TO PLACE ALL MATERIALS SUPPLIED BY US UNDER SAFEGUARDS AND NOT TO USE THEM IN THE MANUFACTURE OF WEAPONS.

KISSINGER

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: SALES, NUCLEAR REACTORS
Control Number: n/a
Copy: SINGLE
Draft Date: 12 MAY 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ShawDG
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976STATE116358
Document Source: CORE
Document Unique ID: 00
Drafter: DPNCHRISTENSEN:JK
Enclosure: n/a
Executive Order: N/A
Errors: I
Film Number: D760190-1061
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760546/aaaabmxr.tel
Line Count: 183
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN AF
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: ShawDG
Review Comment: n/a
Review Content Flags:
Review Date: 26 MAR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <26 MAR 2004 by SmithRJ>; APPROVED <28 JUL 2004 by ShawDG>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: US-DUTCH-SWISS NUCLEAR SALE TO SOUTH AFRICA
TAGS: PFOR, PARM, TECH, SF, US, GENERAL ELECTRIC
To: USUN NEW YORK
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006